

FOOD FAIR

1944

Annual Report

FOOD FAIR STORES, Inc.
A Pennsylvania Corporation

FOR FISCAL YEAR
ENDED DECEMBER 30, 1944

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COMMUNITY THEATRE

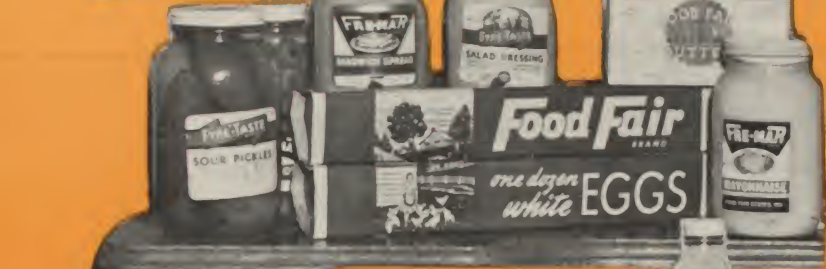
FOOD FAIR

FOOD FAIR





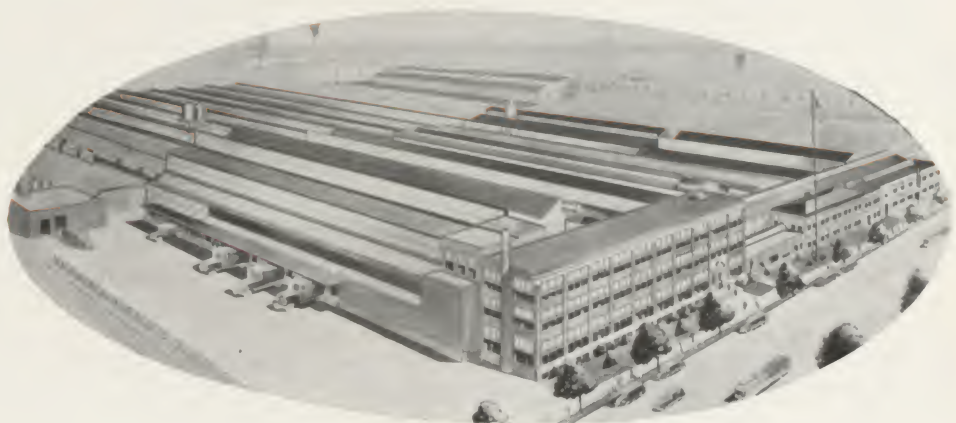
FOOD FAIR STORES, Inc.
CONTROLS
MORE THAN
150 BRANDS IN
VARIOUS FOOD
CLASSIFICATIONS



1944

ANNUAL REPORT
of
FOOD FAIR STORES, INC.
A Pennsylvania Corporation

FOR FISCAL YEAR ENDED
DECEMBER 30, 1944



GENERAL OFFICES AND WAREHOUSE
PHILADELPHIA, PA.

**FOOD
FAIR
STORES,
INC.**

OFFICERS

Samuel Friedland	Chairman of the Board
George Friedland	President
Hess Kline	Vice-President and Treasurer
Myer B. Marcus	Vice-President
Arthur Rosenberg	Vice-President
Louis Stein	Vice-President and General Counsel
Myer M. Gordon	Secretary

DIRECTORS

George Friedland	Philadelphia, Pa.
Samuel Friedland	Philadelphia, Pa.
Myer M. Gordon	Philadelphia, Pa.
Hess Kline	Philadelphia, Pa.
James P. Magill <small>Partner, Eastman, Dillon Co.</small>	Philadelphia, Pa.
Myer B. Marcus	Philadelphia, Pa.
Arthur Rosenberg	Philadelphia, Pa.
Harold W. Scott <small>Vice Pres., Pennsylvania Co. for Insurances on Lives and Granting Annuities</small>	Philadelphia, Pa.
Louis Stein	Union City, N. J.

TRANSFER AGENT

Registrar & Transfer Company
2 Rector St., New York, N. Y.
15 Exchange Place, Jersey City, N. J.

REGISTRAR

Bank of the Manhattan Co.
40 Wall St., New York, N. Y.

The Common Stock Is Fully Listed on the New York Stock Exchange

Philadelphia, Pa.

March 29, 1945

TO THE STOCKHOLDERS OF FOOD FAIR STORES, INC.:

On behalf of the Board of Directors, I am presenting, herewith, the Annual Report of Food Fair Stores, Inc., covering a review of the results of operations for the fiscal year ended December 30, 1944.

Sales for the year 1944 again reached a new record, amounting to \$44,215,750.67, an increase of 4.80% over the sales of the preceding year.

This record is particularly significant since we were faced with the intensified complexities of wartime shortage of personnel, ceiling price and rationing regulations and diminishing sources of supply.

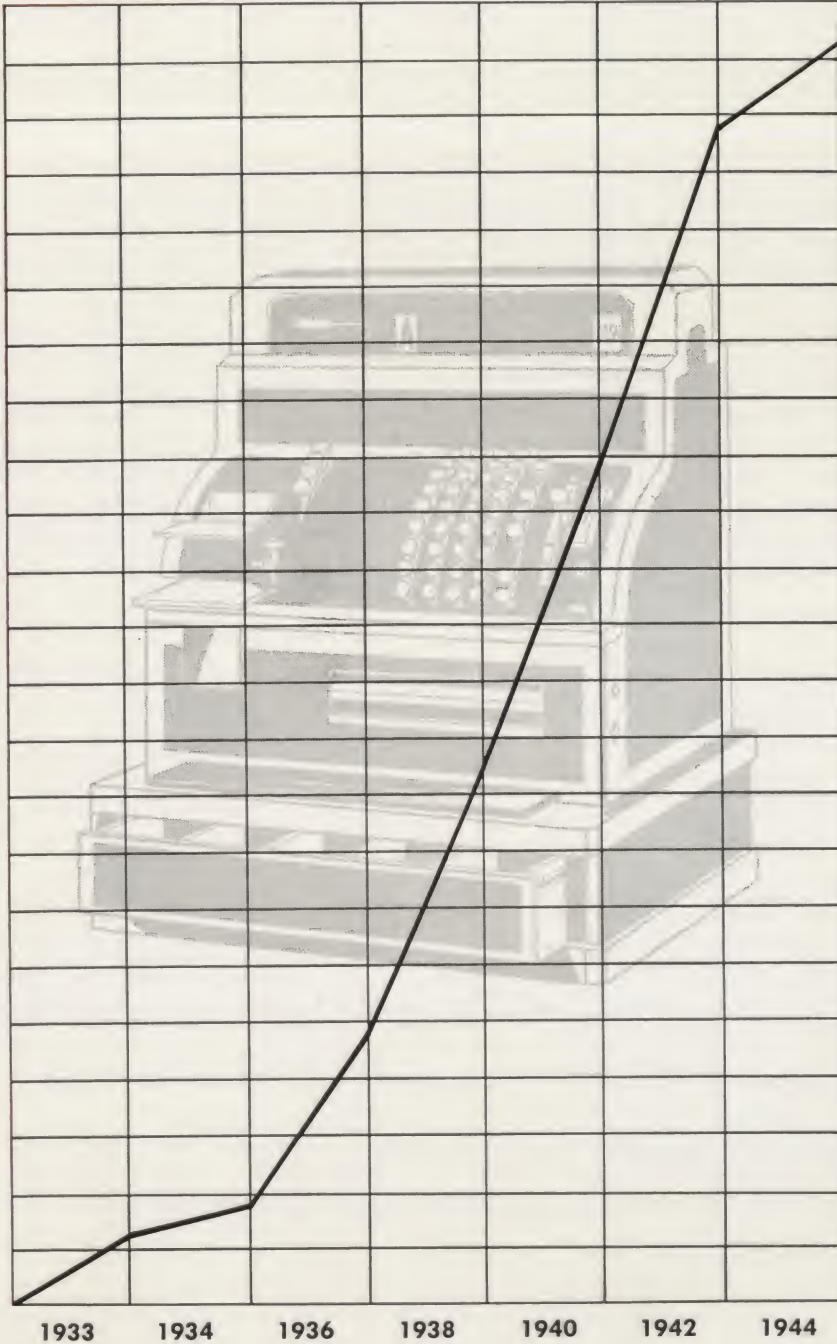
Conditioned to ever-changing challenges, we are constantly on the alert for additional lines of merchandise to fill the gap of products made scarce by the exigencies of total war.

DIVIDENDS

Food Fair Stores, Inc., has continued its dividend policy of paying \$1.00 per share on its Common Stock at the rate of 25c per share for each quarter. Regular quarterly dividends aggregating \$2.50 per share were paid on the \$2.50 Cumulative Preferred Stock.



GROWTH OF SALES



1944

\$44,215,750.00

1942

\$41,746,124.00

1940

\$29,200,548.00

1938

\$18,283,068.00

1936

\$8,704,019.00

1934

\$3,519,931.00

1933

\$2,292,715.00

CAPITAL AND CORPORATE STRUCTURE

There has been no change in the number of shares outstanding of the Company's Common Stock, namely, 332,129. There are outstanding 50,015 shares of the \$2.50 Cumulative Preferred Stock, 4,985 shares having been retired.

As stated in the last annual report, the Company, on March 1, 1944, sold to a group of underwriters headed by Eastman, Dillon & Co., a series of \$3,500,000, in principal amount of its 3½% Fifteen Year Sinking Fund Debentures. On December 15, 1944, we made the first scheduled sinking fund payment in connection with these securities.

On September 9, 1944, our Company acquired the Florida Wholesale Grocery Co., a wholesale grocery company located in Miami, Florida. Sales have shown an appreciable increase since our management took over.

On October 30, 1944, the Company acquired all the issued and outstanding stock of American Grocery Company (the name of which has since been changed to Big Bear Food Stores, Inc.) which operated fourteen supermarkets in northern New Jersey and three in New York. All these markets are in operation and here, too, the introduction of our Company's methods of operation has resulted, and is continuing to result in increasing their sales to a considerable extent.





**FOOD FAIR
STORES, Inc.
EXPANSION
SINCE 1933**

1944 89 UNITS

1943 73 "

1942 77 "

1941 75 "

1940 73 "

1939 67 "

1938 34 "

1937 22 "

1936 14 "

1935 9 "

1934 5 "

1933 2 "

POST WAR PLANS

During the years 1937 to 1942 inclusive, our Company had a well developed program of store improvement under way. Some fine accomplishments had been attained in the way of new, improved, modern food stores. The program had not, by any means, been completed, when war was declared and, under Government regulations, all such building activity had to cease. We are now directing our efforts to the continuance of this program as soon as restrictions are lifted.

PENSION PLAN

During the past fiscal year \$67,507.70 was contributed by the Company to Incentive Bonus & Retirement Plan fund. I feel that each year provides more evidence of the wisdom of the initiation and continued maintenance of this Plan.

MANAGEMENT AND PERSONNEL

Relations between the Company and its employees have been entirely satisfactory. Restrictive war-born regulations applicable to the labor-management picture and serious shrinking of available sources of labor supply make this harmony heartening.

1,005 of our men and women are in Military Services. The Gold Stars in our Service Flag are a constant challenge to our determination to do all possible to speed the victory.





IN
TRIBUTE
TO
FOOD FAIR
STORES
EMPLOYEES
IN THE
ARMED
FORCES



12

Our Honored Dead

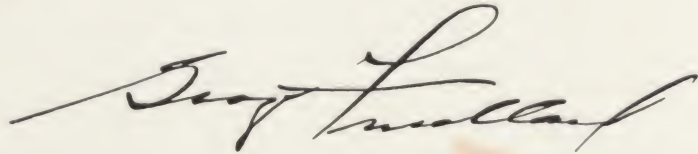
".... that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion."

We are in touch with our men and women who have gone to war. Gift boxes were sent them and they receive copies of "The Star," a monthly publication for employees which, in its December issue carried a special message stating that Food Fair has a profound moral obligation to furnish jobs and opportunity for them on their return.

Both Home Front and War Front employees have taken an active interest in our Suggestion System which awards cash prizes for new and original ideas. I feel that over a period of time, our Plan will not only give Management the benefit of employee experience, but be another contributing factor to the maintenance of good employee relations.

We acknowledge with gratitude the co-operation and support in these troubled times of every member of the Food Fair organization.

Serving the public in war, we are constantly increasing our ability to serve in the peace that will follow.



President



WHERE THE FOOD FAIR INCOME DOLLAR GOES

Category	Percentage
Merchandise	80.00%
STORE WAGES, RENT, ADVERTISING, DEPRECIATION, ETC.	14.67%
ALL OTHER EXPENSES	2.49%
TAXES	1.48%
NET INCOME	1.36%

Merchandise
80.00%

STORE
WAGES,
RENT,
ADVERTISING,
DEPRECIATION,
ETC.
14.67%

ALL
OTHER
EXPENSES
2.49%

TAXES
1.48%

NET
INCOME
1.36%

Sybrand, Ross Bros & Montgomery

CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK	DETROIT	DALLAS
PHILADELPHIA	CLEVELAND	HOUSTON
CHICAGO	CINCINNATI	SAN FRANCISCO
BOSTON	ROCKFORD	LOS ANGELES
BALTIMORE	LOUISVILLE	SEATTLE
WASHINGTON	ST. LOUIS	—
PITTSBURGH	ATLANTA	LONDON

Food Fair Stores, Inc.,
Philadelphia.

We have examined the consolidated balance sheet of

FOOD FAIR STORES, INC.

and its subsidiary

FLORIDA WHOLESALE GROCERY COMPANY

as of December 30, 1944, and the consolidated statements of income and surplus for the year (52 weeks) then ended (including the operations of Florida Wholesale Grocery Company from the date of incorporation, September 9, 1944), have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and surplus present fairly the consolidated position of the companies at December 30, 1944, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Philadelphia, Penna.,
March 8, 1945.

Sybrand, Ross Bros & Montgomery

FOOD FAIR

and its subsidiary FLORIDA

CONSOLIDATED BALANCE

ASSETS

Current:			
Cash on hand and demand deposits			\$2,182,803.45
Obligations of the United States, at cost			460,500.00
Accounts receivable			228,260.08
Inventories, at cost or market, whichever lower:			
Merchandise in warehouses		\$3,113,742.51	
Merchandise in stores		1,183,744.11	
Merchandise in transit		243,071.93	
Store supplies		29,681.97	
			4,570,240.52
Notes receivable and advances, truckers			34,325.00
Total current assets			\$7,476,129.05
Investment, Big Bear Food Stores, Inc.:			
Capital stock (see Note 1)		207,500.00	
Advances, merchandise		101,896.93	
			309,396.93
Net refund claim from "carry-back" of unused excess profits tax credit			100,909.15
Other investments, at cost, mortgages and stocks			12,090.00
Property, plant and equipment, at cost:			
Land		538,430.00	
Buildings	\$1,612,177.43		
Improvements to leased buildings	404,746.16		
Fixtures and equipment	1,310,335.27		
Automobiles and trucks	7,821.90		
			3,335,080.76
Less allowances for depreciation and amortization	1,504,432.85	1,830,647.91	
			2,369,077.91
Prepaid and deferred accounts			227,829.31
Deposits with landlords, public utilities, etc.			19,268.00
Special deposit, fire loss replacement fund			24,830.80
Cash surrender value of insurance on officer			33,733.00
Goodwill			211,335.41
			\$10,784,599.56

NOTE 1: As of October 30, 1944, Food Fair Stores, Inc., purchased the entire capital stock of American Grocery Company, a New Jersey corporation (the name of which has since been changed to Big Bear Food Stores, Inc.) from former stockholders who had acquired the stock in proceedings for reorganization under Chapter X of the Federal Bankruptcy Act, as amended, for cash sufficient to pay off all creditors under a plan approved by the Court. The inventories and equipment of the company at the date as of which acquired, are considered to be equal to the cost of the stock to Food Fair Stores, Inc., which is approximately \$207,500 and of which all but about \$28,600 has been paid. It is understood that from the cash received from the sale of stock, the trustees have discharged most of the

STORES, INC.

WHOLESALE GROCERY CO.

SHEET, December 30, 1944

LIABILITIES

Current:

Accounts payable, trade, etc.			\$1,151,909.79
Mortgage installments due within one year			99,650.00
Debenture Sinking Fund payments due in 1945			153,000.00
Accrued liabilities:			
Federal and State income taxes			
for 1944, estimated	\$ 407,281.43		
Less United States Treasury Savings			
Notes, Series C	365,000.00	\$ 42,281.43	
Interest on debentures		49,950.00	
Other		248,190.99	
			<u>340,422.42</u>
Total current liabilities			\$1,744,982.21
Mortgages due subsequent to December 31, 1945			
(\$179,500 not assumed)		194,500.00	
Fifteen-Year Sinking Fund Debentures, 3½ pct., due			
February 1, 1959, less debentures to be retired			
through Sinking Fund in 1945 included in current			
liabilities		3,275,000.00	
			<u>3,469,500.00</u>
			<u>\$5,214,482.21</u>

CAPITAL

Capital stock:

Cumulative preferred, par \$15, authorized 200,000			
shares (specific preferences determinable upon ap-			
provals of issues) of which 55,000 shares were issued;			
outstanding 50,015 shares; dividend \$2.50 annually;			
redeemable at \$53 per share; entitled in involuntary			
liquidation to \$50 per share		750,225.00	
Common, par \$1, authorized 750,000 shares; issued			
332,129 shares (see Note 2)		332,129.00	
Surplus, as annexed:			
Capital surplus		2,894,934.13	
Earned surplus:			
Appropriated for retirement of			
preferred stock	198,750.03		
Unappropriated	1,394,079.19	1,592,829.22	
			<u>5,570,117.35</u>
			<u>\$10,784,599.56</u>

debts in accordance with the plan and that adequate funds are available to complete liquidation of the few remaining debts. It is expected that it will be but a short time before the trustees will be discharged by the Court whereupon said balance, not to exceed \$28,600, will be paid by Food Fair Stores, Inc.

NOTE 2: Purchase warrants, attached to preferred stock when sold, are outstanding to purchase before December 31, 1947, 50,015 shares of common stock at \$19.50 per share until December 31, 1945, and at \$25 per share thereafter.

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

for the year (52 weeks) ended December 30, 1944

Capital surplus, January 2, 1944	\$2,908,051.63
Less excess of cost of 415 shares of cumulative preferred stock redeemed over par value	13,117.50
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Capital surplus, December 30, 1944	\$2,894,934.13
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CONSOLIDATED STATEMENT OF EARNED SURPLUS

for the year (52 weeks) ended December 30, 1944

Earned surplus, January 2, 1944	\$1,447,516.01
Net income for the year ended December 30, 1944, as annexed	603,297.59
	<hr/>
	2,050,813.60
Dividends paid in cash:	
Common stock, \$1 per share	\$ 332,129.00
Cumulative preferred stock, \$2.50 per share	125,855.38
	<hr/>
	457,984.38
	<hr/>
Earned surplus, December 30, 1944:	
Appropriated for retirement of preferred stock	198,750.03
Unappropriated	1,394,079.19
	<hr/>
	\$1,592,829.22
	<hr/> <hr/>

CONSOLIDATED STATEMENT OF INCOME

for the year (52 weeks) ended December 30, 1944

Sales		\$44,215,750.67
Purchases	\$34,245,166.02	
Add Inventory January 2, 1944	5,426,591.85	
	39,671,757.87	
Deduct Inventory December 30, 1944	4,297,486.62	
	35,374,271.25	
		8,841,479.42
Operating Expenses:		
Maintenance and repairs	176,465.29	
Depreciation of equipment and buildings and amortization	238,678.88	
Taxes, other than taxes on income	248,158.83	
Rents	399,046.38	
Store wages, operating, general and administrative expenses	6,716,069.02	
	7,778,418.49	
		1,063,061.02
Other income and (deductions) :		
Interest	8,947.31	
Rents received	51,971.74	
Miscellaneous	281.93	
Loss on sales of property, etc.	(5,759.84)	
	55,441.14	
Income before interest and taxes on income		1,118,502.16
Interest, etc.:		
Interest on debentures	101,050.98	
Interest, other	25,639.64	
Amortization of debt discount and expense	4,941.65	
Premium on debentures retired	1,262.50	
	132,894.77	
Income before taxes on income		985,607.39
Federal and State income and surtaxes for 1944, estimated	407,281.43	
Less adjustments prior years	2,513.52	
	404,767.91	
		580,839.48
Net refund claim from "carry-back" of unused excess profits credit		22,458.11
Net income transferred to surplus		603,297.59

NOTE: In accordance with the terms of the issuance of the cumulative preferred stock, \$45,441.69 of the foregoing net earnings was set aside during the year 1944 for the purchase and retirement of such stock.



NEW UNIT OPENED MARCH 21, 1945
BALTIMORE, MD.

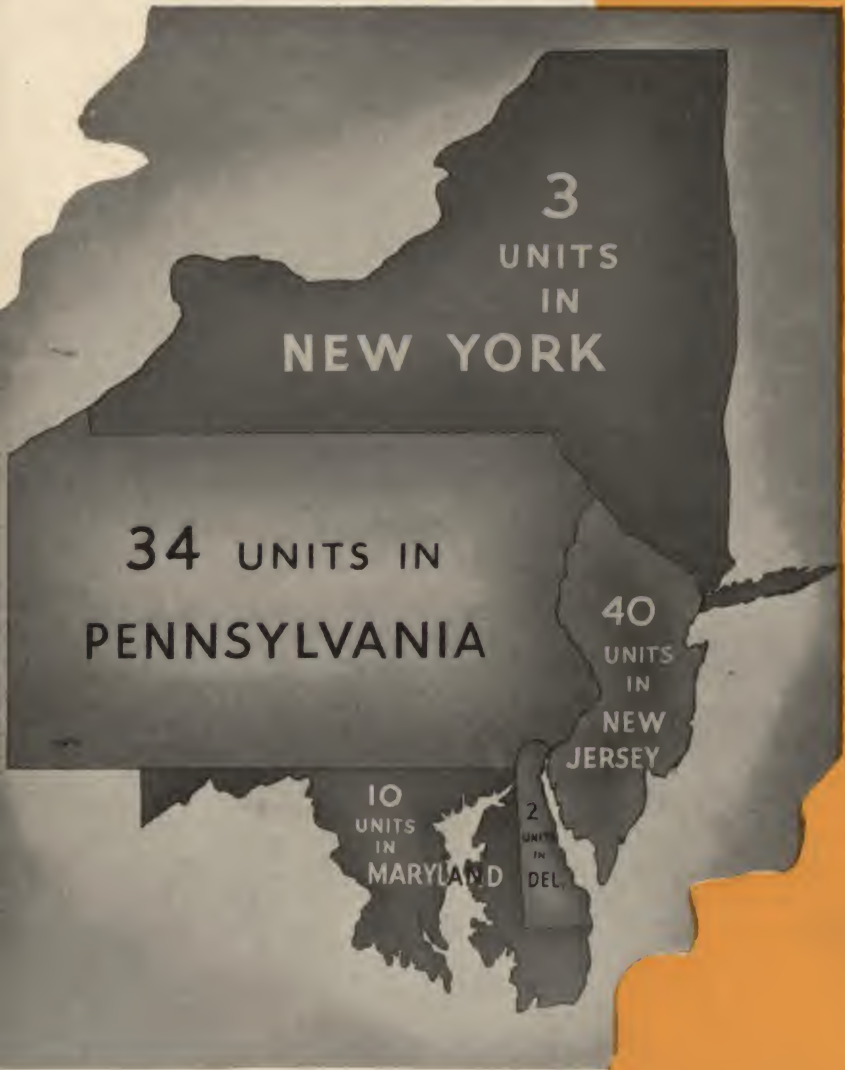


THE BUILDING ILLUSTRATED ON THE COVER IS NOW
UNDER CONSTRUCTION AT COLLINGSWOOD, NEW JERSEY

**FOOD FAIR
STORES,
INC.**

**CONTROLS
MORE THAN
150 BRANDS
IN
VARIOUS FOOD
CLASSIFICA-
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3
UNITS
IN
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34 UNITS IN
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40
UNITS
IN
NEW
JERSEY

10
UNITS
IN
MARYLAND

2
UNITS
IN
DEL.